

FDIC State Profile

Spring 2006

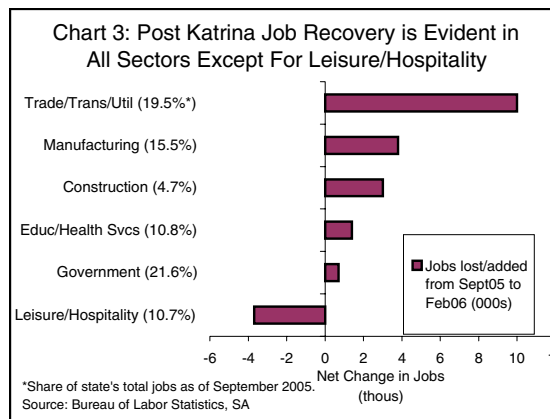
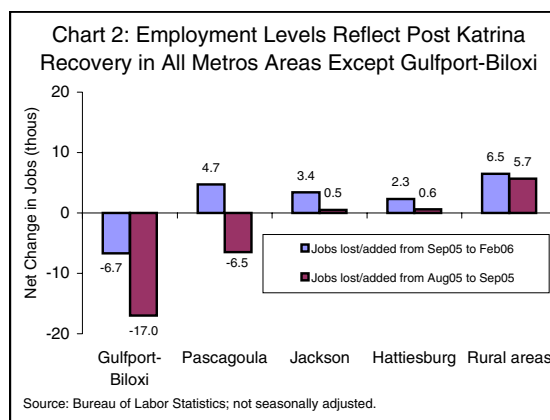
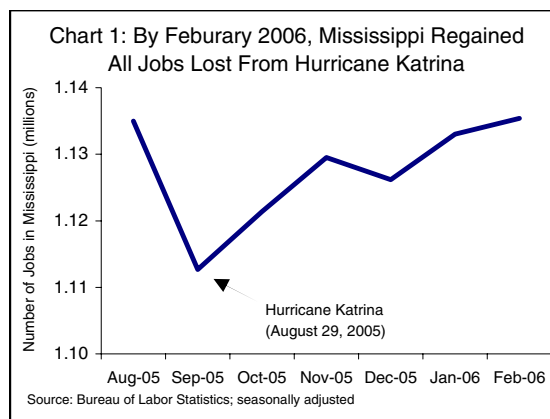
Mississippi

Post Katrina job recovery in Mississippi has not been shared in the Gulfport-Biloxi area.

- While the nation reported a 1.4 percent increase in payroll employment for fourth quarter 2005 compared to a year ago, Mississippi reported a 0.2 percent decline. Mississippi was one of only four states (including Louisiana, another hurricane-ravaged state) to report year-over-year job losses last year.¹
- However, on a seasonally adjusted basis, all of the 22,300 jobs lost in Mississippi after Hurricane Katrina had been regained by February (see Chart 1). In contrast, reported employment in Gulfport-Biloxi in February was 23,700 below the August 2005 figure (see Chart 2).² Gulfport-Biloxi employment levels are believed to be improving with the December reopenings of several casinos.³
- Statewide, all major sectors gained jobs between September 2005 and February 2006 except for leisure and hospitality (see Chart 3). As state transitions from a relief to recovery mode, continued strength is likely in construction and job gains will likely emerge in the leisure and hospitality sector.

The coastal gaming industry is poised to regain its status as a major economic driver when rebuilding begins.

- The Mississippi gaming sector, a primary driver for the state's leisure and hospitality sector, has been responsible for a significant share of the state's economic growth since 1991, when the industry was legalized. In fact, employment growth in the gaming industry averaged 130 percent annually from 1991 to 2000.
- All casinos experienced significant damage from Hurricane Katrina, with some gaming facilities being completely destroyed.



¹Consistent with figures on the At-A-Glance page, employment data in this bullet is not seasonally adjusted.

²Data for metropolitan areas are only reported on a non-seasonally adjusted basis.

³Monthly employment data does not clearly support the improvement in job counts because of a widespread practice of casinos continuing to pay out of work employees until November and December which resulted in additional reported job losses of 8,300 between those months.

- The gaming sector, specifically along the Gulf Coast, likely will drive the state's economic resurgence after Hurricane Katrina. Between the 1991 legalization and June 2005, the accumulated capital investment of the 12 casinos that operated on the Gulf Coast reached \$2.1 billion, nearly half the cumulative investments made by all 29 casinos in the state. The casinos along the Gulf Coast had just over 8,100 hotel rooms (54 percent of total casino rooms in the state) and employed 14,000 before Hurricane Katrina. Many of these rooms remained closed through year-end 2005.
- Positive signs have emerged for the Gulf Coast's gaming industry. Three casinos have reopened in **Biloxi** since December, and their performance is reported to be strong. During the first full month of operation, these newly-reopened casinos generated 71 percent of the revenue that had been garnered by the entire Gulf Coast casino market one year ago.
- Although no decisions have been announced about reopening several other casinos along the Gulf Coast, most reportedly plan to reopen before the end of 2006, and one new casino is slated to open in **Hancock County** in December. The Beau Rivage, the Gulf Coast's largest casino and hotel, with 2.2 million total square footage and 2,800 workers, plans to reopen on August 29, 2006 -- the one-year anniversary of Hurricane Katrina.

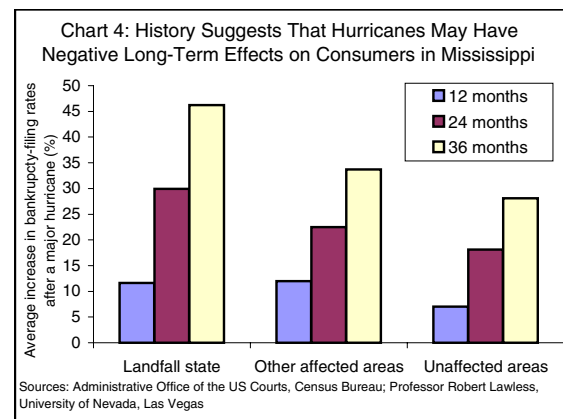
Bankruptcy rates could rise in the wake of Hurricane Katrina.

- Bankruptcy filings in Mississippi fell slightly in third quarter 2005 from the prior quarter and from year-ago figures.⁴ Going forward, the effects of Hurricane Katrina may contribute to an increase in filings. Average personal bankruptcy filings in states hit by hurricanes and tropical storms historically have increased at rates significantly greater than those in non-affected states, particularly during the second and third years after the storms' landfall (see Chart 4).
- The new personal bankruptcy law enacted last October includes provisions that require credit counseling before entering bankruptcy and reduce the number of people who qualify for debt relief under Chapter 7 through the imposition of a financial means test. However, the effect of the new law on filings in Mississippi may be limited in the near term because the Justice Department has agreed to consider waiving those provisions for Mississippi residents affected by Hurricane Katrina.

⁴Per capita bankruptcy filings in Mississippi was 7.78 in third quarter 2005 (most recent data available), slightly down from 7.82 one year ago and 7.85 one quarter ago.

Profitability has declined and past-due loans have increased among insured institutions in most affected counties.

- The profitability of all insured institutions in Mississippi fell in fourth quarter 2005 from the period before Hurricane Katrina.⁵ The decline in profitability was more dramatic among insured institutions headquartered in the most severely damaged counties along the Gulf Coast.⁶ This is evidenced by a median return on assets (ROA) of 0.91 percent in fourth quarter 2005, down from 1.16 percent in second quarter 2005 (the quarter prior to the hurricane) and the lowest since second quarter 1989. In comparison, the median ROA was 1.13 percent in fourth quarter 2005 for insured institutions outside the most severely damaged counties, down 8 basis points from second quarter 2005.
- Institutions headquartered in the most severely damaged counties reported a median past-due ratio of 2.61 percent in fourth quarter 2005, up from 2.14 percent in the period before the storm.⁷ Although improvement was noted in most lending categories, past-due rates increased in commercial real estate and one-to-four family loan portfolios.



⁵The median return on assets for all insured institutions was 1.1 percent in fourth quarter 2005, down from 1.2 percent in second quarter 2005.

⁶Based upon Freddie Mac assessments of damage and extension of foreclosure moratoriums for severely damaged areas including George, Hancock, Harrison, Jackson, Pearl River, and Stone counties in Mississippi.

⁷The median past-due ratio for all insured institutions in Mississippi was 2.2 percent in fourth quarter 2005, the second highest ratio in the nation and slightly down from 2.3 percent in second quarter 2005.

Mississippi at a Glance

ECONOMIC INDICATORS (Change from year ago, unless noted)

Employment Growth Rates	Q4-05	Q3-05	Q4-04	2004	2003
Total Nonfarm (share of trailing four quarter employment in parentheses)	-0.2%	0.1%	0.8%	0.9%	-0.8%
Manufacturing (16%)	-2.5%	-1.6%	0.4%	0.4%	-4.8%
Other (non-manufacturing) Goods-Producing (5%)	7.9%	3.6%	-0.3%	-2.3%	-5.5%
Private Service-Producing (58%)	-0.2%	0.5%	1.1%	1.4%	0.5%
Government (21%)	-0.3%	-0.4%	0.4%	0.6%	0.3%
Unemployment Rate (% of labor force)	9.3	8.3	7.1	6.3	6.4
Other Indicators	Q4-05	Q3-05	Q4-04	2004	2003
Personal Income	N/A	6.2%	6.6%	6.2%	4.3%
Single-Family Home Permits	27.0%	-5.1%	-10.6%	6.5%	17.0%
Multifamily Building Permits	-80.6%	-12.6%	251.7%	58.0%	12.1%
Existing Home Sales	17.6%	-7.2%	3.3%	12.8%	7.3%
Home Price Index	7.4%	6.4%	5.1%	4.0%	3.4%
Nonbusiness Bankruptcy Filings per 1000 people (quarterly annualized level)	9.13	7.78	6.72	7.25	7.62

BANKING TRENDS

General Information	Q4-05	Q3-05	Q4-04	2004	2003
Institutions (#)	100	100	102	102	103
Total Assets (in millions)	47,942	45,519	42,050	42,050	40,055
New Institutions (# < 3 years)	0	0	1	1	1
Subchapter S Institutions	21	20	20	20	16
Asset Quality	Q4-05	Q3-05	Q4-04	2004	2003
Past-Due and Nonaccrual Loans / Total Loans (median %)	2.22	2.10	2.38	2.38	2.79
ALLL/Total Loans (median %)	1.41	1.43	1.49	1.49	1.52
ALLL/Noncurrent Loans (median multiple)	2.40	2.11	2.26	2.26	1.85
Net Loan Losses / Total Loans (median %)	0.19	0.17	0.23	0.22	0.28
Capital / Earnings	Q4-05	Q3-05	Q4-04	2004	2003
Tier 1 Leverage (median %)	9.35	10.05	9.83	9.83	9.81
Return on Assets (median %)	0.95	1.15	0.92	1.11	1.06
Pretax Return on Assets (median %)	1.34	1.52	1.23	1.50	1.50
Net Interest Margin (median %)	4.28	4.18	4.23	4.18	4.18
Yield on Earning Assets (median %)	6.53	6.28	5.81	5.73	5.98
Cost of Funding Earning Assets (median %)	2.22	2.06	1.63	1.57	1.80
Provisions to Avg. Assets (median %)	0.12	0.13	0.17	0.17	0.21
Noninterest Income to Avg. Assets (median %)	0.85	0.88	0.95	0.98	0.87
Overhead to Avg. Assets (median %)	3.26	3.15	3.37	3.20	3.14
Liquidity / Sensitivity	Q4-05	Q3-05	Q4-04	2004	2003
Loans to Assets (median %)	61.6	61.9	62.1	62.1	61.4
Noncore Funding to Assets (median %)	22.6	23.3	21.7	21.7	20.9
Long-term Assets to Assets (median %, call filers)	10.2	10.0	11.6	11.6	14.2
Brokered Deposits (number of institutions)	23	21	17	17	14
Brokered Deposits to Assets (median % for those above)	2.6	1.8	2.2	2.2	1.5
Loan Concentrations (median % of Tier 1 Capital)	Q4-05	Q3-05	Q4-04	2004	2003
Commercial and Industrial	78.3	81.9	72.5	72.5	73.0
Commercial Real Estate	190.0	194.4	182.9	182.9	155.7
Construction & Development	30.0	27.0	22.1	22.1	18.3
Multifamily Residential Real Estate	2.7	2.6	2.2	2.2	2.2
Nonresidential Real Estate	131.8	130.8	130.4	130.4	110.1
Residential Real Estate	175.2	175.4	185.1	185.1	174.7
Consumer	67.4	67.4	71.6	71.6	80.2
Agriculture	32.8	36.4	33.7	33.7	27.2

BANKING PROFILE

Largest Deposit Markets	Institutions in Market	Deposits (\$ millions)	Asset Distribution	Institutions
Memphis, TN-MS-AR	52	26,946	< \$250 million	71 (71%)
Jackson, MS	24	7,492	\$250 million to \$1 billion	22 (22%)
Gulfport-Biloxi, MS	12	2,894	\$1 billion to \$10 billion	6 (6%)
Hattiesburg, MS	15	1,745	> \$10 billion	1 (1%)
Pascagoula, MS	12	1,395		